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C O N F I D E N T I A L SECTION 01 OF 02 ASHGABAT 000779

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TAGS: [PREL](#) [ECON](#) [EFIN](#) [TX](#)
SUBJECT: TURKMENISTAN WORLD BANK OFFICIAL MAKES
RECOMMENDATIONS FOR TREASURY'S ENFORCEMENT TEAM

REF: ASHGABAT 0378

Classified By: CDA Richard E. Hoagland: 1.4 (B), (D).

¶1. (C) SUMMARY: During a June 18 meeting, The World Bank's de facto Turkmenistan office head made recommendations of interlocutors and potential project areas for the Enforcement Team from the U.S. Department of the Treasury's Office of Technical Assistance, including in assisting ministries to implement a new anti-money laundering law once it is passed. He also said that the World Bank/International Monetary Fund/European Bank for Reconstruction and Development project to establish a private bank for small and medium enterprises is moving forward, and that these institutions would be looking for grants for this project's inception. The World Bank wants to work with Post to identify professors to help with setting up a new post-graduate economics education project, which would begin to help address Turkmenistan's deficit in this area. END SUMMARY.

RECOMMENDATIONS FOR TREASURY'S ENFORCEMENT TEAM

¶2. (C) World Bank Operations Officer Serdar Jepbarov recommended at a meeting on June 18 that the upcoming Enforcement Team from the U.S. Department of the Treasury's Office of Technical Assistance meet with the following ministries and agencies to discuss possible areas of cooperation:

- Central Bank, Banking Supervision Department and Legal Department
- Parliament, relevant committees and departments
- Presidential Apparatus of Coordination of Law Enforcement Agencies
- Supreme Prosecutor's Office
- Supreme Auditing Chamber
- Ministry of Justice

-- Ministry of Internal Affairs, Department of Economic Crimes

13. (C) Jepbarov said that meetings with the International Monetary Fund (IMF) and the UN Office on Drugs and Crime (UNODC) would be important. IMF has been working hand-in-hand with the World Bank to advise the Government of Turkmenistan on a legal basis and organization of the future financial intelligence unit. UNODC has been the World Bank's partner in the region, and he recommended asking UNODC about its future plans for their involvement in the program.

MEETINGS WITH BANKS AND INSURANCE COMPANIES NOT NECESSARY

14. (C) Jepbarov said that he did not think meetings with state-owned commercial banks would be particularly useful, but if the delegation feels strongly about this, he recommended meeting with Senagatbank, Halkbank, and Vneshekonombank. He also did not recommend that this team meet with the Institute for Strategic Planning or the State Insurance Company.

IDEAS ON TREASURY'S ROLE IN ENFORCEMENT

15. (C) Jepbarov said that although the World Bank has already contributed a significant amount of work towards anti-money laundering legislation and a financial intelligence unit in Turkmenistan (reftel), there is a role for the Treasury Department's Enforcement team. Possible areas where the Enforcement team could contribute are: addressing practical issues such as the establishment of the

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financial intelligence unit, conducting study tours and training programs, and offering an advisor who could assist the relevant ministries and agencies with implementation once the Parliament adopts the law.

OTHER NEWS ON INTERNATIONAL FINANCIAL INSTITUTION PROJECTS

16. (C) Jepbarov said that the Union of Entrepreneurs has a green light to establish a private bank for small and medium enterprises, for which the IFC and the European Bank for Reconstruction and Development (EBRD) will supply start-up capital. However, these international financial institutions will be looking for grants for a feasibility study and capacity-building projects. Also, a World Bank team will visit the week of June 23 to discuss Turkmenistan's post-graduate economics program with the Ministry of Education. While the Bank does not feel that Turkmenistan is ready for a post-grad economics program)- there are some other steps that need to be taken first)- the Bank is taking advantage of this as a starting point for negotiations. He added the Bank will probably look to the U.S. not for funding, but for some economics professors and experts who could be involved in instructing and perhaps creating a structure for the program.

17. (SBU) COMMENT: Over the last year, the World Bank has greatly increased its assistance to the government, including by providing advice on establishing an anti-money laundering/financial intelligence unit. While the Bank seems to be already deeply involved in this area, it is clear that it feels there is plenty of room for involvement by others -- including a Treasury Department team. END COMMENT.
HOAGLAND